

**WATERWORKS DISTRICT NO. 7 OF
EAST FELICIANA PARISH
Clinton, Louisiana**

**BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES**

JUNE 30, 2013

WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
Clinton, Louisiana
BASIC FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION SCHEDULES
JUNE 30, 2013

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JUNE 30, 2013

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BASIC FINANCIAL STATEMENTS

MARY SUE STAGES, CPA A PROFESSIONAL ACCOUNTING CORPORATION

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American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center*

INDEPENDENT AUDITORS' REPORT

Board of Directors
Waterworks District No. 7 of East Feliciana Parish
P. O. Box 8826
Clinton, Louisiana 70722

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the component unit financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters - Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting and compliance.

Reporting on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
Baker, LA
December 2, 2013

REQUIRED SUPPLEMENTARY INFORMATION
PART 1 OF 2

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Management's discussion and analysis (MD&A) is a required element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34. Its purpose is to provide an overview of the financial activities of the District based on currently known facts, decisions and/or conditions. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- ◆ The District's assets exceeded its liabilities by \$968,001 (net assets), an increase of \$12,610 over the prior year
- ◆ Working capital of the District is \$388,263

OVERVIEW OF THE FINANCIAL STATEMENT PRESENTATION

These financial statements are comprised of these components – (1) management's discussion and analysis, (2) fund financial statements, (3) notes to the financial statements and (4) required supplementary information. There is also other supplementary information contained in this report provided for additional information.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District has one category of funds: proprietary funds.

Proprietary funds. The District maintains only one type of proprietary fund – enterprise fund. Enterprise funds are used to report the functions financed and operated in a manner similar to private business where the intent of the governing body is that the cost (expenses including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. The District uses an enterprise fund to account for its water services.

Financial statements of the District include the following:

Statement of Net Position. This statement presents information on all of the District's assets, deferred outflows of resources, liabilities and inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or not.

Statement of Revenues, Expenses and Changes in Net Position. This statement presents information showing how the District's net assets changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement is designed to show the District's financial reliance on general revenues.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Statement of Cash Flows. The change in cash as a result of current year operations is depicted in this statement. The cash flow statement includes a reconciliation of operating income (loss) to the net cash provided by or used for operating activities as required by GASB No. 34.

The fund financial statements can be found on pages 10-14 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The index of the notes is found on page 16 with the actual notes beginning immediately afterwards.

Other Information. Additionally, this report also presents certain other information that is deemed useful to users of this report and can be referenced in the table of contents.

FINANCIAL ANALYSIS OF THE DISTRICT

A summary of net position follows.

SUMMARY OF NET POSITION

	<u>2013</u>	<u>2012</u>
Assets		
Current assets	\$ 324,663.22	\$ 215,249.49
Restricted assets	97,485.82	97,731.79
Non-current assets	.00	57,009.66
Capital assets, net	<u>1,070,857.70</u>	<u>1,135,594.70</u>
Total Assets	1,505,585.64	1,505,585.64
Liabilities		
Current liabilities	33,886.06	38,800.50
Long-term liabilities	<u>491,120.04</u>	<u>511,394.04</u>
Total Liabilities	<u>525,006.10</u>	<u>550,194.54</u>
Net Position		
Net investment in capital assets	603,463.66	645,559.47
Restricted	141,036.00	97,731.79
Unrestricted	<u>223,500.98</u>	<u>212,099.84</u>
Net Position	<u>968,000.64</u>	<u>955,391.10</u>

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

The largest portion of the District's net assets is in its investment in capital assets - \$603,464 and \$645,559 at June 30, 2013 and 2012, respectively, representing 62% of net position. Another 4% and 10% (\$43,550 and \$97,486) at June 30, 2013, is restricted for customer deposits and debt retirement. The remaining balance in net assets of \$223,501 (24%) and \$212,100 (22%) at June 30, 2013 and 2012, respectively, is available to pay current operating expenses.

A summary of changes in net position follows:

SUMMARY OF CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>
Revenues		
Charges for services	\$ 341,279.05	\$ 329,474.42
Non-operating revenues	<u>38,986.06</u>	<u>16,981.33</u>
Total Revenues	380,265.11	346,455.75
 Expenses		
Operating	278,182.72	263,664.28
Depreciation/amortization	64,995.00	67,406.00
Non-operating	<u>24,477.85</u>	<u>25,475.84</u>
Total Expenses	<u>367,655.57</u>	<u>356,546.12</u>
 Change in net position	12,609.54	(10,090.37)
 Net position, beginning	<u>955,391.10</u>	<u>965,481.47</u>
 Net position, ending	<u>968,000.64</u>	<u>955,391.10</u>

Revenues increased by of \$33,809 or 10% over the prior year. Expenses increased by \$11,109 or only 3% over the prior year resulting in a net income of \$12,610.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Cash flow activity of the District for the past two years is as follows:

SUMMARY OF CASH FLOWS

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents provided by (used for):		
Operating activities	\$ 69,461.24	\$ 85,778.35
Non-capital financing activities	40,099.01	14,600.91
Capital and related financing activities	(43,535.04)	(73,304.85)
Investing activities	<u>10,183.90</u>	<u>342.46</u>
Net Increase in Cash and Cash Equivalents	76,209.11	27,416.87
 Cash and cash equivalents, beginning of year	<u>243,838.27</u>	<u>216,421.40</u>
 Cash and cash equivalents, end of year	<u>320,047.38</u>	<u>243,838.27</u>

BUDGETARY HIGHLIGHTS

The District's actual operating revenues were \$22,221 less than budgeted. Operating expenses were \$6,028 less than budgeted authority providing for an operating loss as opposed to an operating income as estimated. Non-operating revenues and expenses were within budgeted amounts by \$38,708.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The District's investment in capital assets, net of accumulated depreciation and related debt at June 30, 2013 and 2012, was \$603,464 and \$645,559, respectively. Additions during the current year totaled \$258. The total investment is net of long-term debt (revenue bonds outstanding) of \$467,394.

Capital assets at year-end are summarized as follows:

**CAPITAL ASSETS
Net of Accumulated Depreciation**

	<u>2013</u>	<u>2012</u>
Non-depreciable Assets		
Land	\$ 4,500.00	\$ 4,500.00

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Depreciable Assets

Vehicles	7,566.00	11,326.00
Furniture & equipment	16,733.74	24,637.74
Building	30,437.56	31,261.56
Distribution system	<u>1,011,620.40</u>	<u>1,060,027.40</u>

Capital Assets, net	<u>1,070,857.70</u>	<u>1,131,752.70</u>
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The District executed a 60 year land lease at \$5,000 for which it amortizes. Amortization to date totals \$1,241 leaving a net book value at June 30, 2013, of \$3,759.

Debt Administration: Long-term debt of the District includes revenue bonds. Total bonded debt outstanding at June 30, 2013 and 2012, was \$467,394 and \$486,193, respectively. The District paid \$18,799 towards its bonded debt during the current year as well as \$24,478 in related interest. Principal and interest payments are funded by general revenues.

A summary of the long-term portion of bonds outstanding is as follows:

OUTSTANDING BONDS

	<u>2013</u>	<u>2012</u>
Revenue bonds:		
Series 1987 dated 7/8/87	168,479.39	180,709.38
Series 1991 dated 7/29/93	40,464.89	42,889.52
Series 2001 dated 8/3/01	<u>238,625.76</u>	<u>243,795.14</u>
Total	<u>447,570.04</u>	<u>467,394.04</u>

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations and demonstrate the District's commitment to public accountability. Any questions or requests for additional information can be obtained by contacting the Waterworks District No. 7 of East Feliciana Parish, P. O. Box 8826, Clinton, Louisiana 70722 or 225-683-9124.

FUND FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2013**

ASSETS

Current Assets

Cash and cash equivalents	\$ 261,163.56
Receivables, net	33,368.13
Unbilled receivables	9,801.75
Prepaid expenses	<u>11,615.89</u>

Total Current Assets 315,949.33

Restricted Assets

Cash and cash equivalents	58,883.82
Investments	<u>38,602.00</u>

Total Restricted Assets 97,485.82

Other Assets

Investments	8,713.89
Land lease, net	3,759.00
Land	4,500.00
Plant and equipment, net	<u>1,062,598.70</u>

Total Other Assets 1,079,571.59

Total Assets 1,493,006.74

DEFERRED OUTFLOWS OF RESOURCES

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Continued

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2013**

LIABILITIES

Current Liabilities

Accounts payable	\$ 6,528.60
Payroll withholdings and related payables	2,351.65
Accrued salaries payable	5,181.81
Bonds payable - current portion	<u>19,824.00</u>

Total Current Liabilities 33,886.06

Long-Term Liabilities

Customer deposits	43,550.00
Bonds payable - revenue	<u>447,570.04</u>

Total Long-Term Liabilities 491,120.04

Total Liabilities 525,006.10

DEFERRED INFLOWS OF RESOURCES

-

NET POSITION

Net investment in capital assets	603,463.66
Restricted for customer deposits	43,550.00
Restricted for debt service and contingencies	97,486.00
Unrestricted	<u>223,500.98</u>

TOTAL NET POSITION 968,000.64

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES

Charges for services:

Water sales	\$ 329,085.61
Late fees	12,133.44
Connection fees	<u>60.00</u>

Total Operating Revenues	341,279.05
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OPERATING EXPENSES

Administrative	36,848.51
Depreciation/amortization	64,995.00
Employee and related expenses	102,925.61
Occupancy	33,236.63
Personal services	<u>105,171.97</u>

Total Operating Expenses	<u>343,177.72</u>
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Operating Loss	(1,898.67)
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NON-OPERATING REVENUES (EXPENSES)

Grant proceeds	37,591.60
Other revenues	904.33
Interest income	490.13
Interest expense	<u>(24,477.85)</u>

Net Non-Operating Revenues (Expenses)	<u>14,508.21</u>
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Change in Net Position	12,609.54
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Net Position, beginning	<u>955,391.10</u>
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Net Position, ending	<u><u>968,000.64</u></u>
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See Accompanying Notes and Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2013**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 352,937.66
Cash paid to suppliers for goods/services	(180,112.88)
Cash paid to employees for services	(103,363.54)
Net Cash Provided by Operating Activities	<u>69,461.24</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Cash received from grantors	39,194.68
Cash received from other sources	904.33
Net Cash Provided by Non-Capital Financing Activities	<u>40,099.01</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition/construction of capital assets	(258.00)
Interest paid on bonds	(24,477.85)
Principal paid on bond maturities	(18,799.19)
Net Cash Used for Capital and Related Financing Activities	<u>(43,535.04)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Maturity of investments	9,693.77
Interest received	490.13
Net Cash Provided by Investing Activities	<u>10,183.90</u>

Net Increase in Cash and Cash Equivalents	76,209.11
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Cash and Cash Equivalents, beginning of year	<u>243,838.27</u>
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Cash and Cash Equivalents, end of year	<u><u>320,047.38</u></u>
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BALANCE SHEET PRESENTATION OF CASH

Current assets	261,163.56
Restricted assets	58,883.82
Cash and Cash Equivalents, end of year	<u><u>320,047.38</u></u>

Continued

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF CASH FLOWS (Continued)
YEAR ENDED JUNE 30, 2013**

**RECONCILIATION OF OPERATING LOSS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	(1,898.67)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation/amortization	64,995.00
(Increase) decrease in assets:	
Accounts receivable	12,108.61
Prepaid expenses	645.55
Increase (decrease) in liabilities:	
Accounts and other payables	(5,501.32)
Accrued salaries	(437.93)
Customer deposits	<u>(450.00)</u>
Net Cash Provided by Operating Activities	<u><u>69,461.24</u></u>

See Accompanying Notes and Independent Auditors' Report

NOTES TO FINANCIAL STATEMENTS

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
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JUNE 30, 2013**

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**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

INTRODUCTION

The Waterworks District No. 7 of East Feliciana Parish (hereinafter referred to as the District), located in Clinton, Louisiana, was created by the East Feliciana Parish Police Jury as allowed under Louisiana Revised Statute 33:7702. Its board members are appointed by the East Feliciana Parish Police Jury.

The District was created to provide water resources to the citizens of East Feliciana Parish residing within the boundaries of the District. It serves an average of 927 customers.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting practice of the District conforms to governmental accounting principles generally accepted in the United States of America. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide *Audits of State and Local Governmental Units*.

The following is a summary of certain significant accounting policies:

Financial Reporting Entity: Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the East Feliciana Parish Police Jury is the financial reporting entity for East Feliciana Parish. The District is considered a component unit of the East Feliciana Parish Police Jury because it appoints a voting majority of the District's governing body and its services are rendered within the Police Jury's boundaries. The accompanying financial statements present information only on the fund(s) maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit or the other governmental units that comprise the financial reporting entity.

Fund Accounting: The District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate entity with a self-balancing set of accounts. Funds of the District are classified under one category: proprietary. Each category, in turn, is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Proprietary Funds – used to account for governmental activities that are similar to activities performed by commercial enterprises in that goods/services are provided for a fee. Proprietary

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

funds of the District include the following fund types:

1. Enterprise – account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Basis of Accounting/Measurement Focus: In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

Basis of accounting refers to when revenues and expenses are recognized and reported and relates to the time of the measurement, regardless of the measurement focus applied. The fund statements of the District are reported using an economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of business-type activities are included in the statement of net assets. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred. In these statements, capital assets are reported and depreciated, and long-term debt is reported.

Operating/Non-Operating Revenues: Proprietary funds separately report operating and non-operating revenues. Revenues from transactions of the District's water services are considered operating revenues. All other revenues, which are reported as cash flows from capital or non-capital financing and investing, are reported as non-operating revenues.

Budgets and Budgetary Accounting: The District adopts an annual budget prepared in accordance with the basis of accounting utilized by that fund. The governing body must approve any revisions that alter the total expenditures. Budget amounts lapse at year-end.

Cash and Cash Equivalents: Cash includes amounts in demand deposits. Cash equivalents include amounts in investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Investments: Investments are limited by Louisiana Revised Statute 33:2955. If the original maturities of investments exceed 90 days, they are classified as investments. Otherwise, the investments are classified as cash and cash equivalents. In accordance with GASB Statement No. 31, investments are recorded at fair value, based on quoted market prices, with the corresponding increase or decrease reported in investment earnings.

Inventory: Inventory of the District includes only office supplies, the amount of which is considered immaterial. Therefore, the acquisition of such items is expensed when purchased, and the inventory on hand at year-end is not reported in the accompanying financial statements.

Receivables: Trade receivables are recorded at management's estimate of the amount that is expected to be collected. This is based in part on historical information. Revenues become susceptible to accrual when they become both measurable and available.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital Assets: The District's assets are recorded at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$5,000 or more for capitalizing assets. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows: vehicles – 5 years, furniture and equipment – 5 to 7 years and distribution system – 15 to 40 years. The District has a land lease that it is amortizing over a period of 60 years.

In June 1999, the GASB issued Statement No. 34 which requires the inclusion of infrastructure assets used in governmental activities in the basic financial statements retroactively reported back to 1982. An exception exists for local governments with annual revenues of less than \$10 million. As a result of this exception, the District elected not to report its governmental infrastructure retroactively. From that point forward, the District has used the basic approach to infrastructure reporting for its governmental activities when applicable.

Net Position: In the statement of net position, the difference between a government's assets and deferred outflows of resources and its liabilities and deferred inflows of resources is recorded as net position. The three components of net position are as follows:

Net Investment in Capital Assets

This category records capital assets net of accumulated depreciation and reduced by any outstanding balances of bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of capital assets.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
OF WEST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Restricted Net Position

Net position that is reserved by external sources, such as banks or by law, is reported separately as restricted net position. When assets are required to be retained in perpetuity, this non-expendable net position are recorded separately from expendable net position. These are components of restricted net position.

Unrestricted Net Position

This category represents net position not appropriate for expenditures or legally segregated for a specific future use.

NOTE 2 – CASH AND CASH EQUIVALENTS

The cash and cash equivalents on hand (book balances) of the District are as follows:

Petty cash	\$ 100.00
Interest-bearing demand deposits	57,220.29
Money market savings	203,843.27
Restricted:	
Interest-bearing demand deposits	<u>58,883.82</u>
Total	<u>320,047.38</u>

Deposits are stated at cost, which approximates market. Under state law, they must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Even though pledged securities are considered uncollateralized under the provisions of GASB Statement No. 3, La. Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

With the adoption of GASB Statement No. 40, only deposits are considered exposed to custodial credit risk are required to be disclosed. The District has no deposits exposed to custodial credit risk.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – RECEIVABLES

The net receivables at June 30, 2013, are as follows:

Class of Receivables

Customers	\$ 62,419.88
Allowance for bad debts	<u>(19,250.00)</u>
Net	<u>43,169.88</u>

The District utilizes the allowance method for receivables estimated to not be collected. The current year receivables include \$23,456 delinquent more than 30 days.

NOTE 4 – RESTRICTED ASSETS

The Revenue Bond Resolution, Section 8, originally adopted on September 5, 1985, provides for all income and revenue derived from the operation of the District to be pledged for the security and payment of Series A and Series 2001 Water Revenue Bonds. The first priority is the payment of reasonable and necessary costs of operating and maintaining the water distribution system.

Secondly, the District is required to maintain a Waterworks System Revenue Bond Reserve Fund (hereinafter referred to as the Reserve Fund) and a Depreciation and Contingency Fund (hereinafter referred to as the Depreciation Fund). The Reserve Fund, established when the system became revenue-producing, includes monthly deposits of \$181 continuing until such time that the fund has accumulated a sum equal to \$43,275.90. These funds are restricted to the payment of principal and interest of all bonds payable to avoid default. The balance at June 30, 2013, is \$45,873.26.

The Depreciation Fund, established at the same time, includes monthly deposits of \$185 continuing until all bonds have been paid in full. These funds are restricted to unusual or extraordinary maintenance, repairs, replacements or extensions as well as the costs of improvements which will either enhance the system's revenue-producing capacity or provide a higher degree of service. In the event that the funds available in the Reserve Fund are insufficient to cover principal and interest payments, the necessary balance may be transferred from this Fund. The balance at June 30, 2013, is \$13,010.56.

NOTE 5 – INVESTMENTS

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured and unregistered, not registered in the name of the entity or are held either by the counter-party or the counter-party's trust department or agent by not in the entity's name. Investments of the District are certificates of deposit held by the counter-party in the District's name. They are secured from risk by \$250,000 of federal deposit insurance.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

A summary of investments for which cost and fair value are the same is as follows:

	<u>Cost</u>	<u>Interest Rate</u>	<u>Maturity</u>
Certificates of Deposit:			
Feliciana Bank & Trust Co.	\$ <u>47,315.89</u>	1.55%	7/12/2014

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital Assets, not being depreciated				
Land	\$ 4,500.00	\$.00	\$.00	\$ 4,500.00
Capital Assets, being depreciated				
Vehicles	30,827.00	.00	.00	30,827.00
Less: accumulated depreciation	<u>19,501.00</u>	<u>3,760.00</u>	<u>.00</u>	<u>23,261.00</u>
Net Vehicles	11,326.00	(3,760.00)	.00	7,566.00
Furniture & equipment	58,919.98	258.00	.00	59,177.98
Less: accumulated depreciation	<u>34,282.24</u>	<u>8,162.00</u>	<u>.00</u>	<u>42,444.24</u>
Net Furniture & Equipment	24,637.74	(7,904.00)	.00	16,733.74
Buildings	32,169.81	.00	.00	32,169.81
Less: accumulated depreciation	<u>908.25</u>	<u>824.00</u>	<u>.00</u>	<u>1,732.25</u>
Net Buildings	31,261.56	(824.00)	.00	30,437.56
Distribution system	1,992,448.40	.00	.00	1,992,448.40
Less: accumulated depreciation	<u>928,579.00</u>	<u>52,249.00</u>	<u>.00</u>	<u>980,828.00</u>
Net Distribution System	<u>1,063,869.40</u>	<u>(52,249.00)</u>	<u>.00</u>	<u>1,011,620.40</u>
Capital Assets, being depreciated, net	<u>1,131,094.70</u>	<u>(64,737.00)</u>	<u>.00</u>	<u>1,066,357.70</u>
Capital Assets, net	<u>1,135,594.70</u>	<u>(64,737.00)</u>	<u>.00</u>	<u>1,070,857.70</u>

The District amortizes a land lease over its 60 year term. The net book value at June 30, 2013, was \$3,759.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 – ACCOUNTS AND OTHER PAYABLES

The payables at June 30, 2013, are as follows:

Class of Payable

Trade	\$ 6,528.60
Payroll withholdings and related	2,351.65
Salaries	5,181.81
Customer deposits	43,550.00
Bonds payable – short-term portion	<u>19,824.00</u>
 Total	 <u>77,436.06</u>

NOTE 8 – LONG-TERM LIABILITIES

Revenue Bonds. The District is currently making payment on three different issues as follows:

Series 1987 issued in the amount of \$305,600, dated July 8, 1987, due in annual installments of \$21,863 including interest at 6.5% beginning 7/8/1990 for a period of 40 years

Series 1991 issued in the amount of \$74,800, dated July 29, 1993, due in monthly installments of \$397.94 including interest at 5.625% beginning 8/8/1995 for a period of 38 years

Series 2001 issued in the amount of \$295,000, dated August 3, 2001, due in monthly installments of \$1,386.50 including interest at 4.75% beginning 9/3/2002 for a period of 40 years

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Revenue bonds	\$ <u>486,193.23</u>	\$ <u>.00</u>	\$ <u>18,799.19</u>	\$ <u>467,394.04</u>	\$ <u>19,824.00</u>

The annual debt service requirements to maturity for bonded debt are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 19,824.00	\$ 25,976.00
2015	16,379.63	25,035.01
2016	17,351.60	24,063.04
2017	18,382.33	23,032.31

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

Next five years	109,698.00	97,375.20
Next five years	139,205.44	60,704.66
Next five years	75,381.96	27,820.75
Remaining years	<u>71,171.08</u>	<u>12,427.39</u>
Total	<u>467,394.04</u>	<u>296,434.36</u>

NOTE 9 – LEASES

Operating Leases. The District entered into a 60 year lease for land commencing on August 3, 1999 and terminating August 2, 2058. It prepaid the entire lease of \$5,000 at the time the lease was executed and is being amortized at an amount of \$83 per year. Accumulated amortization at June 30, 2013, was \$1,241 providing for a land lease value of \$3,759 recorded in other assets.

Capital Leases. The District has no capital leases.

NOTE 10– RETIREMENT PLAN

The District does not provide a retirement plan for its employees other than social security in which it matches the 6.2% of gross salaries paid in by the employee.

NOTE 11 – OTHER POST-EMPLOYMENT BENEFITS

The District does not provide post-employment benefits.

NOTE 12 – RELATED PARTY TRANSACTIONS

The District obtains water under the terms of a local service agreement with the East Feliciana Parish Policy Jury, of which it is a component unit. The water utilized by the District is obtained from a well constructed by the EFP Policy Jury on property owned by the District. The service agreement provides for a 50 year lease of the well that began when the well was first placed into service.

In exchange, the District agreed to issue revenue bonds to place into operation a waterworks utility system for which it was granted a franchise by the EFP Police Jury. Both parties agreed that no action would be taken by either party that would impair the security for or the payment of the revenue bonds.

The District has the option of purchasing the water well from the EFP Policy Jury at any time by paying a sum equal to the original cost of the well less depreciation as may be certified by the District's consulting engineer. The cost was \$155,000, funded by proceeds from a H.U.D. grant.

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 13 – LITIGATION AND CLAIMS

There is no litigation that would require disclosure in the accompanying financial statements.

NOTE 14 – SUBSEQUENT EVENTS

There were no transactions or events between the close of the year through issuance of this report that would materially impact these basic financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
PART 2 OF 2

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 353,000.00	\$ 353,000.00	\$ 329,085.61	\$ (23,914.39)
Late fees	8,000.00	8,000.00	12,133.44	4,133.44
Connection fees	2,500.00	2,500.00	60.00	(2,440.00)
	<hr/>			
Total Operating Revenues	363,500.00	363,500.00	341,279.05	(22,220.95)
OPERATING EXPENSES				
Administrative	32,350.00	32,350.00	36,848.51	(4,498.51)
Depreciation/amortization	68,000.00	68,000.00	64,995.00	3,005.00
Employee and related expenses	111,600.00	111,600.00	102,925.61	8,674.39
Occupancy	36,500.00	36,500.00	33,236.63	3,263.37
Personal services	88,700.00	88,700.00	105,171.97	(16,471.97)
	<hr/>			
Total Operating Expenses	337,150.00	337,150.00	343,177.72	(6,027.72)
	<hr/>			
Operating Income (Loss)	26,350.00	26,350.00	(1,898.67)	(28,248.67)
NON-OPERATING REVENUES (EXPENSES)				
Grant proceeds	-	-	37,591.60	37,591.60
Other revenues	1,000.00	1,000.00	904.33	(95.67)
Interest income	800.00	800.00	490.13	(309.87)
Interest expense	(26,000.00)	(26,000.00)	(24,477.85)	1,522.15
	<hr/>			
Total Non-Operating Revenues (Expenses)	(24,200.00)	(24,200.00)	14,508.21	38,708.21
	<hr/>			
Change in Net Position	2,150.00	2,150.00	12,609.54	10,459.54
	<hr/>			
Net Position, beginning	955,391.10	955,391.10	955,391.10	-
	<hr/>			
Net Position, ending	957,541.10	957,541.10	968,000.64	10,459.54
	<hr/>			

See Independent Auditors' Report

SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2013**

ADMINISTRATIVE

Advertising	\$ 50.00
Bill processing fees	6,408.29
Board expense	4,800.00
Dues and subscriptions	534.42
Office supplies	7,701.53
Postage	1,292.00
Professional fees	16,062.27
Total Administrative	<u>36,848.51</u>

DEPRECIATION/AMORTIZATION

64,995.00

EMPLOYEE AND RELATED EXPENSES

Payroll taxes	6,828.97
Salaries/clerical assistance	91,399.10
Seminars/workshops	1,313.42
Workers' compensation	3,384.12
Total Employee and Related Expenses	<u>102,925.61</u>

OCCUPANCY

Insurance	17,336.36
Office rent	9,600.00
Telephone	5,223.39
Utilities	1,076.88
Total Occupancy	<u>33,236.63</u>

PERSONAL SERVICES

Bad debts	1,500.00
Repairs/maintenance	45,169.18
Safe drinking water fees	2,715.84
Supplies	26,844.34
Vehicle operations	12,070.89
Utilities	16,871.72
Total Personal Services	<u>105,171.97</u>

TOTAL OPERATING EXPENSES

343,177.72

See Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES
AS PERCENTAGE OF TOTAL OPERATING REVENUES
YEAR ENDED JUNE 30, 2013**

OPERATING REVENUES

Charges for services:

Water sales	\$ 329,085.61	96.43%
Late fees	12,133.44	3.56%
Connection fees	60.00	0.02%

Total Operating Revenues	341,279.05	100.00%
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OPERATING EXPENSES

Advertising	50.00	0.01%
Bill processing fees	6,408.29	1.80%
Board expense	4,800.00	1.35%
Dues and subscriptions	534.42	0.15%
Office supplies	7,701.53	2.17%
Postage	1,292.00	0.36%
Professional fees	16,062.27	4.52%
Depreciation/amortization	64,995.00	18.28%
Payroll taxes	6,828.97	1.92%
Salaries/clerical assistance	91,399.10	25.71%
Seminars/workshops	1,313.42	0.37%
Workers' compensation	3,384.12	0.95%
Insurance	17,336.36	4.88%
Office rent	9,600.00	2.70%
Telephone	5,223.39	1.47%
Utilities	1,076.88	0.30%
Bad debts	1,500.00	0.42%
Repairs/maintenance	45,169.18	12.71%
Safe drinking water fees	2,715.84	0.76%
Supplies	26,844.34	7.55%
Vehicle operations	12,070.89	3.40%
Utilities	16,871.72	4.75%
Total Operating Expenses	343,177.72	96.54%

Operating Loss	(1,898.67)	-0.56%
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Continued

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES
AS PERCENTAGE OF TOTAL OPERATING REVENUES (Continued)
YEAR ENDED JUNE 30, 2013**

NON-OPERATING REVENUES (EXPENSES)

Grant proceeds	\$	37,591.60	0.11
Other revenues		904.33	0.00
Interest earned		490.13	0.14%
Interest expense		(24,477.85)	-7.17%
Total Non-Operating Revenues (Expenses)		<u>14,508.21</u>	<u>-7.03%</u>
Change in Net Position		<u>12,609.54</u>	<u>-7.59%</u>

See Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
<i>Major Programs</i>		
<i>U.S. Department of Agriculture Office for Rural Development</i>		
Water and Waste Disposal Systems for Rural Communities	10.418	* <u><u>467,394.04</u></u>

* This represents outstanding loan balance as of June 30,2013

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE
YEAR ENDED JUNE 30, 2013**

<u>Coverage</u>	<u>Insurance Company</u>	<u>Expiration</u>	<u>Liability Limits</u>
General liability	Southern Insurance Co. Policy RGP-1000071-00	5/17/2014	\$1,000,000 per occurrence \$2,000,000 general aggregate \$2,000,000 prod/comp ops aggregate \$100,000 fire damage \$5,000 medical expense \$1,000,000 personal/advertising \$1,000,000 employee benefit \$1,000,000 limited pollution \$250,000 failure to supply
Auto liability and Physical damage	Southern Insurance Co. Policy RPG-1000071-00	5/17/2014	\$500,000 uninsured motorist \$500,000 each accident \$250 comprehensive \$500 collision
Property	Southern Insurance Co. Policy RPG-1000071-00	5/17/2014	\$48,600 equipment replacement \$120,000 well site replacement \$10,000 bldg contents replacement \$1,000 deductible each type
Fidelity bond	CNA Surety Company Policy 68686855	12/18/2014	\$88,000
Workers' Compensation	La Workers' Compensation Corporation Policy 22983-A	5/05/2014	Statutory

See Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
STATISTICAL DATA - WATER SALES
YEAR ENDED JUNE 30, 2013**

<u>Month</u>	<u>No. of Customers</u>	<u>Gallons (Thousands)</u>	<u>Amount</u>
Jul	945	6,980.4	\$ 33,739
Aug	943	5,899.2	28,918
Sep	930	5,122.9	27,109
Oct	925	5,199.4	27,260
Nov	923	4,762.7	25,699
Dec	921	4,751.3	25,810
Jan	922	5,028.1	26,801
Feb	923	4,547.9	25,151
Mar	923	3,763.5	22,636
Apr	921	4,800.8	26,034
May	922	4,923.1	26,413
Jun	923	5,750.7	30,002
		<u>61,530.0</u>	325,572
		Net accruals	<u>3,514</u>
		Water sales, reported	<u>329,086</u>

See Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPARATIVE DATA
JUNE 30, 2013
(Unaudited)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>SUMMARY OF STATEMENT OF REVENUES</u>					
Operating revenues	\$ 341,279	\$ 329,474	\$ 373,435	\$ 355,460	\$ 330,716
Operating expenses	343,178	331,070	310,641	295,879	270,991
Operating Income (Loss)	(1,899)	(1,596)	62,794	59,581	59,725
Non-operating revenues	38,986	16,981	1,596	3,202	1,114
Non-operating expenses	(24,478)	(25,476)	(30,959)	(29,428)	(31,316)
Net Income (Loss)	12,610	(10,091)	33,431	33,355	29,523
<u>OTHER DATA</u>					
Capital assets, net	1,070,858	1,135,595	1,169,054	1,216,284	1,232,528
Net working capital	340,947	176,449	192,148	119,344	108,375
Total assets	1,493,007	1,505,586	1,529,844	1,508,893	1,485,121
Long-term liabilities	491,120	511,394	5,305,893	547,401	522,125
Total equity	968,001	955,391	965,481	932,051	898,696
Average no. of customers	927	934	931	898	896
Total cubic feet of water sold (MCF)	61,530.0	65,300.3	70,742.6		
No. of residential customers	902	919	912		
No. of commercial customers	21	20	20		

See Independent Auditors' Report

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SCHEDULE OF SUBSEQUENT BUDGET
YEAR ENDING JUNE 30, 2014**

OPERATING REVENUES

Charges for services:

Water sales	\$ 340,000.00
Reconnect fees	8,000.00
Late fees	2,500.00
	<u> </u>

Total Operating Revenues	350,500.00
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OPERATING EXPENSES

Administrative	32,350.00
Depreciation/amortization	65,000.00
Employee and related expenses	103,000.00
Occupancy	34,000.00
Personal services	90,000.00
	<u> </u>

Total Operating Expenses	<u>324,350.00</u>
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Operating Income	26,150.00
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NON-OPERATING REVENUES (EXPENSES)

Interest earned	400.00
Interest expense	<u>(26,000.00)</u>

Total Non-Operating Revenues (Expenses)	<u>(25,600.00)</u>
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Change in Net Position	550.00
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Net Position, beginning	<u>968,000.00</u>
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Net Position, ending	<u><u>968,550.00</u></u>
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**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
COMPENSATION PAID TO GOVERNING BODY
YEAR ENDED JUNE 30, 2013**

	<u>Amount</u>
Brown, Samuel (president) 11332 Dan Delee Rd. Norwood, LA 70761 (225) 683-5032	\$ 1,080.00
Bryant, Louise Spurlock Clinton, LA 70722	960.00
Dunn, Mary Ann 11725 Rist Rd. Clinton, LA 70722 (225) 683-8462	960.00
Granier, Jr., Larry (vice-president) 12912 Granier Ln. Clinton, LA 70722 (225) 683-5030	900.00
Stewman, John 12914 Perkins Rd. Norwood, LA 70761 (225) 683-8403	<u>900.00</u>
Total	<u>4,800.00</u>

See Independent Auditors' Report

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.....
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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND OTHER MATTERS
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Waterworks District No. 7 of East Feliciana Parish
P. O. Box 8826
Clinton, Louisiana 70722

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental-type activities of the Waterworks District No. 7 of East Feliciana Parish, a component unit of the East Feliciana Parish Police Jury, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Waterworks District No. 7 of East Feliciana Parish's basic unit financial statements, and have issued our report thereon dated December 2, 2013.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Waterworks District No. 7 of East Feliciana Parish's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Waterworks

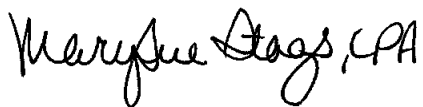
District No. 7 of East Feliciana Parish's internal control. Accordingly, we do not express an opinion on the effectiveness of the Waterworks District No. 7 of East Feliciana Parish's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
Baker, LA
December 2, 2013

MARY SUE STAGES, CPA
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Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Board of Directors
Waterworks District No. 7 of East Feliciana Parish
P. O. Box 8826
Clinton, Louisiana 70722

Report on Compliance for Each Major Federal Program

We have audited the Waterworks District No. 7 of East Feliciana Parish's, a component unit of the East Feliciana Parish Police Jury, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2013. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Waterworks District No. 7 of East Feliciana Parish's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Waterworks District No. 7 of East Feliciana Parish's compliance.

Opinion on Each Major Federal Program

In our opinion, the Waterworks District No. 7 of East Feliciana Parish complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

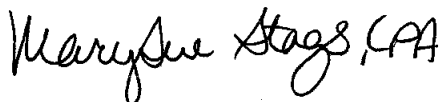
Report on Internal Control over Compliance

Management of the Waterworks District No. 7 of East Feliciana Parish is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Waterworks District No. 7 of East Feliciana Parish's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less than severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Mary Sue Stages, CPA,
A Professional Accounting Corporation
Baker, LA
December 2, 2013

Section I Summary of Auditor's Reports

Compliance	Material to Financial Statements	■ No
Internal Control	Control Deficiency(ies)	■ No
	Material Weaknesses	■ No

Compliance	Material to Financial Statements	■ No
Internal Control	Control Deficiency(ies)	■ No
	Material Weaknesses	■ No

C. Identification of Major Programs

The threshold used for distinguishing between Type A and B programs was \$300,000.

N/A

N/A

**WATERWORKS DISTRICT NO. 7 OF EAST FELICIANA PARISH
CLINTON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2013**

Section I Internal Control and Compliance Material to the Financial Statements

N/A

Section II Compliance and Internal Control Material to Federal Awards

N/A

Section III Management Letter

N/A